(d) The level of foreign exchange reserves is largely the outcome of the Reserve Bank's intervention in the foreign exchange market to smoothen exchange rate volatility and valuation changes due to movement of US dollar against other major currencies of the world. Foreign exchange reserves are accumulated when there is an absorption of the excess foreign exchange flows by the RBI through intervention in the foreign market and *vice versa*. The present level of foreign exchange reserves is adequate to meet emerging balance of payments situation in the short to medium term. A slew of measures have been taken to improve foreign exchange inflows and boost exports. Which *inter ala* include:

1. The interest rate ceilings on FCNR (B) and NR(E) RA term deposits were raised to LIBOR / Swap rates plus 100 basis points and 175 basis points respectively, so as to attract more foreign currency deposits from NRIs.

2. External Commercial Borrowings (ECBs) up to US $ 500 million per borrower per financial year were permitted for rupee expenditure and/or foreign currency expenditure for permissible end uses under the automatic route.

3. The all-in-cost ceiling for ECBs for average maturity period of 3 years and up to 5 years has been enhanced to 300 basis points above LIBOR and to 500 basis points above LIBOR for ECBs over 5 years.

4. The all-in-cost ceiling for trade credit of less than 3 years was enhanced to 6 months LIBOR plus 200 basis points.

5. Pre and post shipment export credit for labour intensive exports, *i.e.*, textiles (including handlooms, carpets and handicrafts), leather, gems and jewellery, marine products and SME sector is being made more attractive by providing an interest subvention of 2 percent upto 31/3/2009 subject to minimum rate of interest of 7 percent per annum.

6. Additional funds of Rs.1,100 crore will be provided to ensure full refund of Terminal excise duty/CST.

7. An additional allocation for export incentive schemes of Rs. 350 crore will be made.

8. Government back-up guarantee will be available to ECGC to the extent of Rs. 350 crore to enable it to provide guarantees for exports to difficult markets/products.

9. Exporters will be allowed refund of service tax on foreign agent commissions of upto 10 percent of FOB value of exports. They will also be allowed refund of service tax on output services while availing of benefits under Duty Drawback Scheme.

No Frills Accounts

†2376. MS. SUSHILA TIRIYA:
SHRI MOTILAL VORA:

Will the PRIME MINISTER be pleased to state:

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†Original notice of the question was received in Hindi.

(a) the number of "No Frills Accounts" opened in year 2007 by nationalised banks;

(b) the number of "No Frills Accounts" opened till August, 2008;

(c) whether it is a fact that not a single "No Frills Account" has been opened till now by private sector banks;

(d) if so, the reasons therefor; and

(e) what is the future policy of nationalised banks for opening "No Frills Accounts"?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The number of "No frills" accounts opened by Nationalized Banks during the period from 01.04.2007 to 31.03.2008 is 60,29,917 while the cumulative number of "No frills" accounts opened by Nationalized Banks till 31.03.2008 is 1,04,84,242.

(c) and (d) The number of "No frills" accounts opened by Private Sector Banks till March 2008 is 18,79,073.

(e) RBI has issued guidelines on May 7, 2007 urging banks to scale up their financial inclusion efforts by utilizing appropriate technology. Banks have been advised that care may be taken to ensure that the solutions developed are highly secure, amenable to audit and follow widely accepted open standards to allow inter-operability among the different systems adopted by different banks.

Income tax exemption for Andhra Pradesh State Sports Development Fund

2377. SHRI NANDI YELLAIAH: Will the PRIME MINISTER be pleased to state:

(a) whether his Ministry had received a request from the State Government of Andhra Pradesh for 100 per cent Income Tax exemption under sub section 2 (iii) of clause (a) of the Section 80 G of the Income Tax Act to the Andhra Pradesh State Sports Development Fund;

(b) if so, the details thereof and latest status of the request; and

(c) by when final decision is likely to be taken on it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) It was requested that 100 per cent income tax exemption under section 80G of the Income Tax Act be extended to all contributions to the Andhra Pradesh State Sports Development Fund on the lines of the National Sports Development Fund of the Department of Youth Affairs and Sports, Government of India. The request was examined and not found acceptable.

(c) Does not arise.

Strengthening of Boards of nationalised banks

2378. SHRI NARESH GUJRAL: Will the PRIME MINISTER be pleased to state:

(a) what steps Government is contemplating to strengthen the Boards of India's nationalised banks with the banking industry facing serious challenges in view of the current financial meltdown;